

Reinventing CT: An Economic Development Progress Report



Connecticut
still revolutionary

July, 2014

Connecticut has some of the most dynamic—and effective—economic development programs in the nation.

Under the leadership of Governor Malloy, and with bipartisan support from the legislature, a series of legislative measures – most notably the Jobs Bill of 2011 – have been enacted that are helping businesses create and retain jobs, expand operations and make new capital investments in the state.

The Jobs Bill also included measures to improve the business climate, make investments in education and stimulate local economies.

This report provides an overview of the Jobs Bill initiatives that are impacting Connecticut companies and the state's economy.

Summary

Since October 2011, the state has aggressively implemented the Jobs Bill and all its provisions. The numbers speak for themselves, but we believe its implementation has significantly aided our state's recovery. More remains to be done, and many programs are just beginning to bear fruit, but progress is apparent:

- 1,546 companies are being assisted through DECD programs, with 16,838 jobs to be created and 37,975 jobs retained
- \$2.1 billion has been leveraged from the private-sector to grow jobs and expand the economy through these programs
- 107% of expected jobs created
- 1.3% default rate on state assistance loans
- 95 LEAN events have helped streamline state government services

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Small Business Express Results As Of 6/30/14

Small Business Express	Total
Applications received to date	2486
Businesses receiving financial assistance	1128
Applications in process	293
Applications denied	1065
Minority/Women owned businesses receiving assistance	207
Private investment leveraged (<i>approximate</i>)	\$60,000,000
Grants	\$59,489,805
Loans	\$94,976,355
Total Businesses Funded	\$154,466,160

Express Projects Funded Through MAA*

Businesses receiving financial assistance	18
Jobs created	120
Jobs retained	255
Grants	\$1,629,000
Loans	\$2,880,000
Total	\$4,509,000

EXP has impacted over 15,000 total jobs

Jobs to be created	4,059
Jobs to be retained	11,643

Goals of Small Business Express

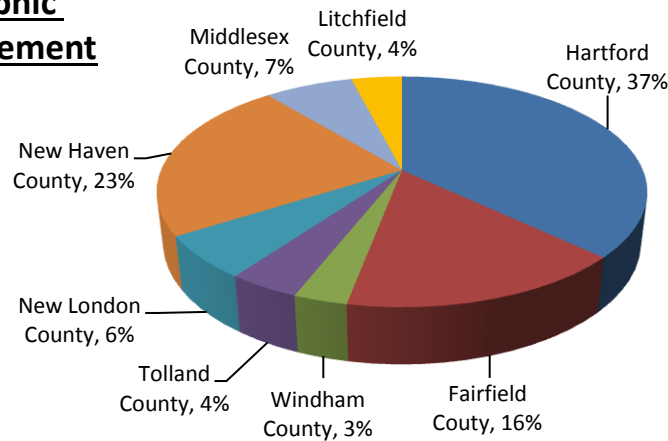
- Provide capital, working capital and other funds to small, "Main Street" businesses, to help create jobs in all Connecticut towns and cities
- Provide a good rate of return to Connecticut taxpayers as jobs are created and income tax is levied on those jobs
- To offset the void created when banks and other financing institutions pulled back on lending, post recession

*MAA = Manufacturing Assistance Act

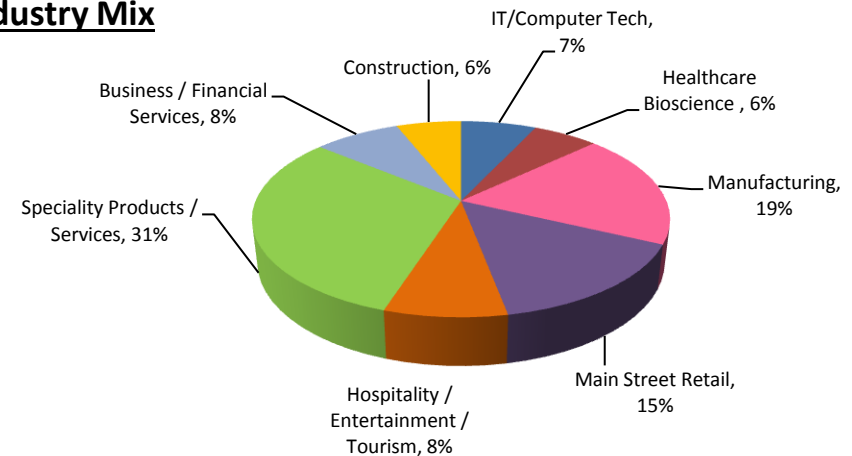
Six community lenders have assisted DECD in administering the program

EXP Assistance Has Gone To A Wide Variety Of Businesses

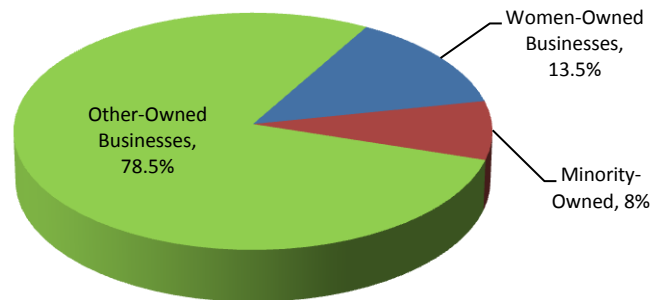
Geographic Disbursement



Industry Mix



Business Mix (Women/Minority-owned)



State-wide average % of women-owned businesses 28.1%
 State-wide average % minority-owned businesses: 12% (US Census Bureau, 2007)

- The industry mix reflects the economy in Connecticut, with a focus on mainstream employers. For three sectors, (Manufacturing, Construction and IT), EXP recipient pool represents nearly twice the state's current job percentage.
- Of the total of businesses, 353 (31%) applied for and received both a grant and a loan.
- Loans are structured to provide repayment of principal and interest over 5 to 10 years. Already DECD has received \$12,027,170 of loan principal and interest.
- All levels of jobs, from entry level to PhD, are included in EXP.
- The lower than state-wide averages for women and minority businesses are being addressed with additional outreach efforts.
- 15 Companies that were funded through EXP are no longer in business (less than 1% of total).

Manufacturing Assistance Act Helps Mid-Sized Businesses

Incentive-driven direct loans and grants for mid-sized companies (not only manufacturers) who want to grow jobs and build their business in the state

Between 2011 and 6/30/14 the MAA has assisted mid-size companies:

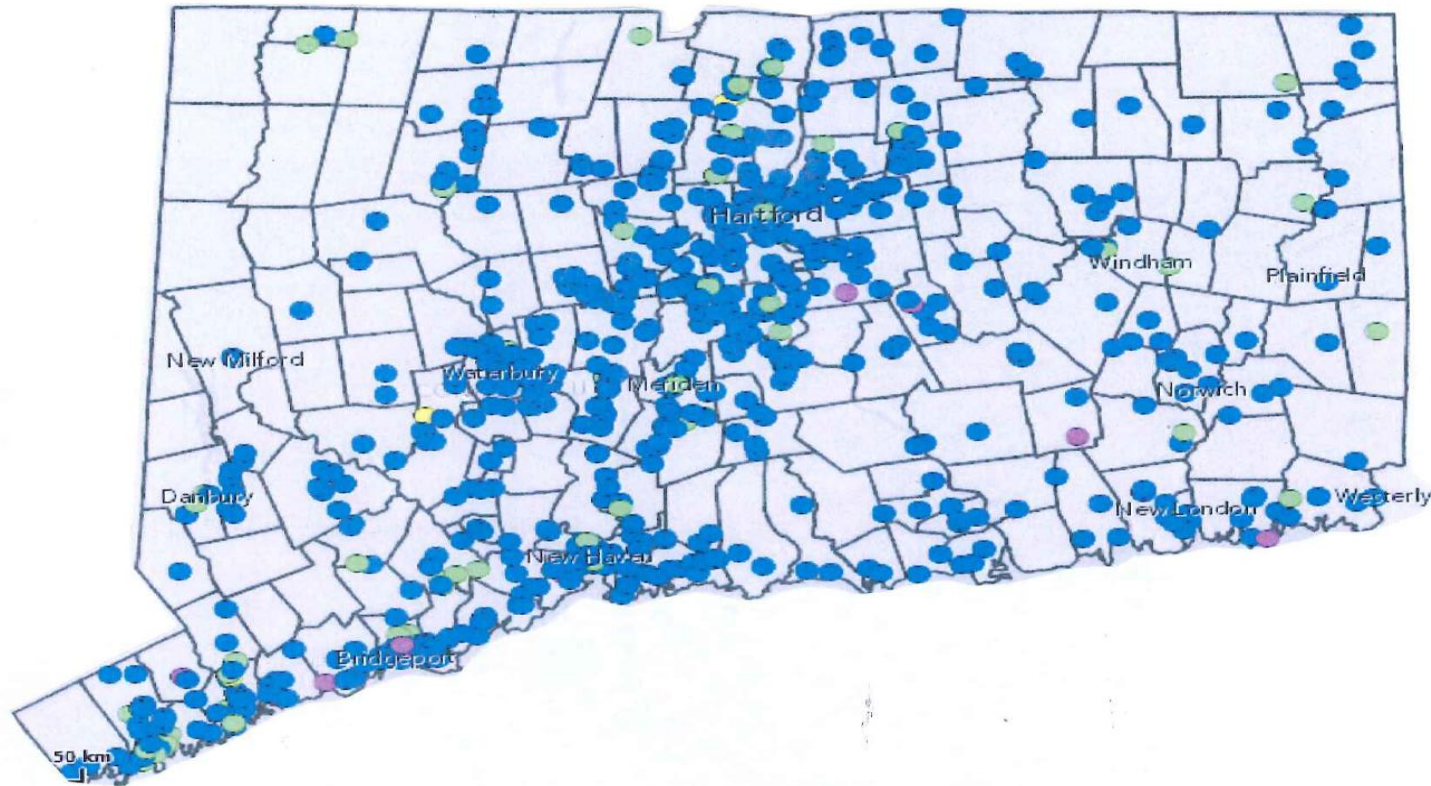
- 61 companies in 33 different municipalities
- 13,483 jobs retained and 4,068 to be created
- \$197M in total state assistance leveraging \$641M
- 12 companies in the state's largest urban centers
- 28 manufacturing (46% of total) and 11 financial service (18% of total) companies were funded, all in our targeted business growth sectors

First Five Program As Of 6/30/14

Focused on larger companies that create 200 jobs within 2 years or invest at least \$25,000,000 and create 200 jobs within 5 years

- 11 announced deals across several targeted clusters including Insurance/Financial Services, Healthcare/Biotech and Digital Media
- 12,690 jobs to be retained; 2,200 to 5,514 jobs to be created
- Over \$201M in direct state assistance leveraging more than \$1.3B in private investment
- Diversity of geographic locations including Bloomfield, Bristol, Hartford, New Haven and Stamford

Financial Assistance Recipients By Location



This interactive map, containing information on all companies assisted by programs on the prior pages, can be found at www.ctopenforbiz.com

Job Expansion Tax Credit Program (JET)

Created in the Special Session, JET-eligible companies receive a \$500 per month tax credit for each new job when they hire. Incremental credit for hiring the unemployed, disabled and veterans at \$900 per month. The program has an allocation of \$40 million.

Summary of Program as of 7/3/2014

■ Companies Enrolled in the Program	1,275
■ Companies Receiving Credits	421
■ Total Jobs Created	3,675
■ # of Unemployed Hired	240
■ # of Veterans Hired	76
■ # of Vocational Rehabilitation Service Recipients Hired	5
■ Total Credits Issued	\$20,497,900

STEP UP Program

The Jobs Bill created the Subsidized Training and Employment program for eligible small businesses and manufacturers.

As of 7/4/2013

- 788 companies have hired 2,558 employees under the Step Up program
- The current average starting wage is \$15.80 an hour
- Dollars obligated to date: \$19.06million
- Primary uses of the program are manufacturers (approximately 50%)



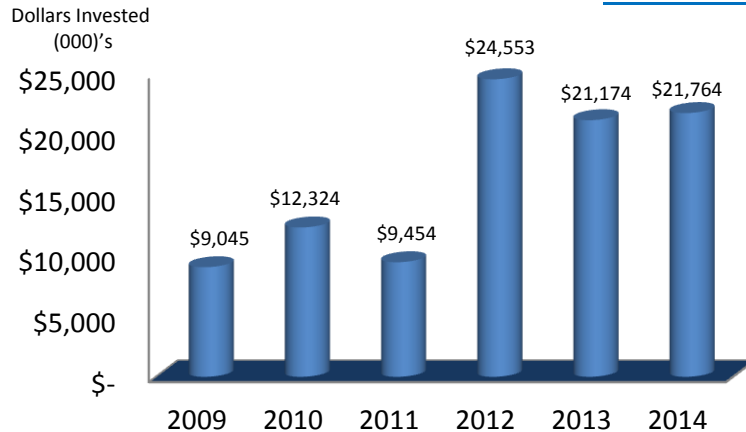
Connecticut Innovations Expansion

The 2011 Jobs Bill committed \$125 million in additional funding to CI over five years. To date, these funds have enabled CI to support promising tech companies in four key ways:

- Double investments in early-stage companies, enabling it to bring more high-tech innovations to the global stage than ever before
- Substantially increase the amount of private investment dollars available to Connecticut companies through the Angel Investor Tax Credit Program
- Significantly increase efforts to help small businesses accelerate their growth through innovative new programs and small grants
- Invest in the entrepreneurial ecosystem (CTNext) to support entrepreneurs in starting and growing businesses in Connecticut

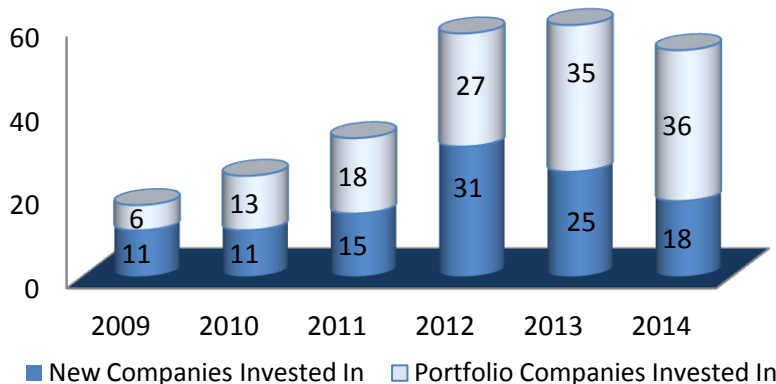
With the Additional Funding, CI Is Expanding Its Investments in Innovative Companies

Venture Capital Equity Investments



- More than doubled investment in early-stage high-tech companies
- Invested \$3.9M through the Venture & Mezzanine Debt Fund, a new financing tool providing assistance to high-growth, later-stage companies

Companies Receiving Equity Investments



- More than doubled the new companies it supports
- Increased the number of companies in venture portfolio from 56 to 108
- Provided investments to 74 new companies

With the Additional Funding, Startup Programs Get Strong Support

SBI (*Small Business Innovation*) provides a variety of grant programs supporting small businesses

- **Technology Talent Bridge**

\$1.3M invested, 151 internships for CT students, \$628K leveraged, to date 31 permanent jobs

- Strengthens workforce and retains our talent in the state—STEM focused; nationally recognized for innovation and effectiveness

- **SBIR Acceleration and Commercialization**

\$1.7M invested in 46 companies, \$16.5M leveraged

- Matching grant/loan program—leverages SBIR federal grants to commercialize technologies

- **Small Business Innovation and Diversification** \$548K invested in 25 companies, \$3.5M leveraged

- Supports Connecticut manufacturers—funds to design and develop technologies that diversify manufacturers' products and markets

- **Innovation Challenge**

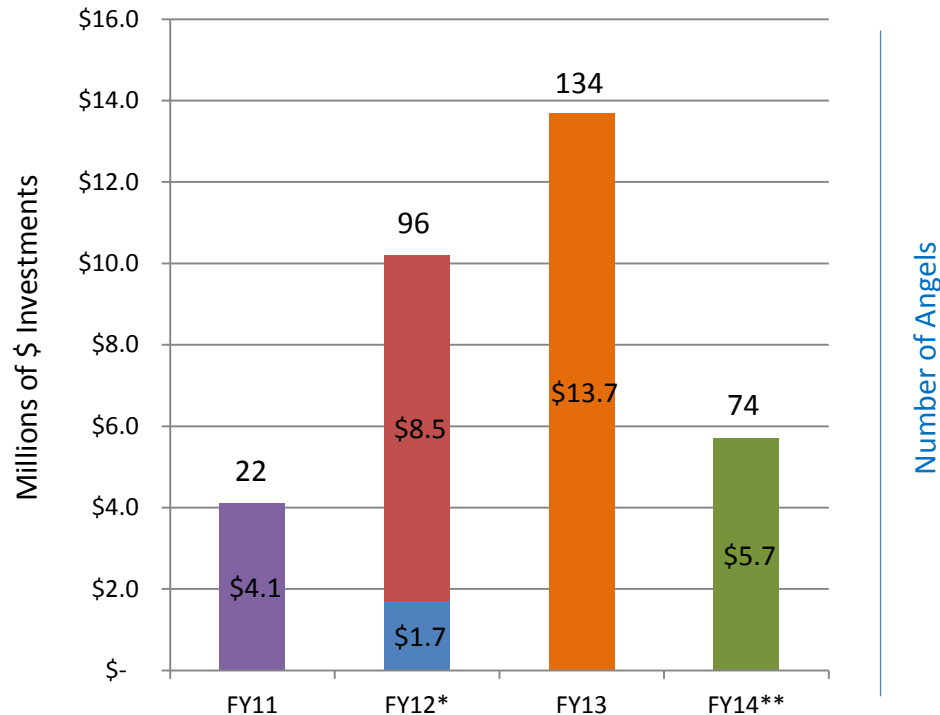
Invested \$300K; pilot program bringing together innovative small and large companies

CTNext, Connecticut's Innovation Ecosystem, provides resources and programs to help startups and build the entrepreneurial community

- Connected more than 450 startups to resources including entrepreneurs in residence, mentors and technical expertise
- Provided 75 companies micro-grants totaling \$631K for projects, such as R&D and prototyping, to help propel them forward
- Funded over 21 entities to support programs for entrepreneurs, such as:
 - Entrepreneurs in residence providing advisory and coaching support
 - Co-working spaces to build membership, foster collaboration and sponsor networking events
 - Special projects focused on skills development and outreach to underserved communities

In the Jobs Bill, Angel Investor Tax Credits Were Improved

Angel Investments



*Blue denotes 6-month performance prior to change; pink indicates the subsequent 6 months.

Changes provided in the Jobs Bill resulted in:

- Lowering the investment threshold from \$100,000 to \$25,000, which provided an immediate impact.
- The number of angels making investments and total dollars invested by angels substantially increasing following the change.
- Angels investing \$27.9M in early-stage Connecticut companies from November 2011 through June 2014, compared to \$5.8M for the previous (first) 16 months of the program.
 - ✓ Average monthly investment by angels more than doubled following the change
 - ✓ **Original end date of Angel Investor Tax Credit Program was June 30, 2014. Investment time limit concerns reduced demand in FY14. We expect to see an increase in demand in FY15 now that the program has been extended

Investments To Redeploy Distressed Properties Have Helped Many Communities

- Through our Brownfield programs, DECD has awarded grants/loans totaling \$64.7 million to 43 projects to remediate contaminated sites in 30 cities and town statewide
- For every Brownfield clean-up dollar invested by the State, \$3.55 has been or will be invested by non-State partners
- With LISC and CHFA, the State has created a new \$15 million fund to support transit-oriented development planning and pre-development work within the new transportation corridors (CTFastrack and the Springfield/New Haven Rail)

Investments In Community Colleges

The Jobs Bill authorized up to \$20 million in bonds to (1) expand Asnuntuck Community College's precision manufacturing program and (2) establish or expand manufacturing technology programs in three community-technical colleges. In total over 323 new students were able to enroll in manufacturing programs.

Asnuntuck College

- Added \$1.1 million of state-of-the-art welding and machining equipment
- Increasing size of welding facility and doubling the number of welding booths to serve more than 100 individuals annually
- More incumbent workers trained
- Total enrollment increased to 200, including 50 high schoolers

Quinebaug Valley Community College

- With H.H. Ellis Technical High School, finalizing a new manufacturing lab
- 33 new students awarded Level 1 & 2 certificates as of 5/2013
- 31 of these gained employment in local machine/mold shops and other manufacturing facilities



Housatonic Community College

- Added 13 new courses and developing a welding program
- 56 new students in advanced manufacturing
- New machining lab, 2 computer labs
- Built partnerships with 107 businesses in region

Naugatuck Valley Community College

- New space dedicated to manufacturing
- 57 students recruited
- 113 Level 1 & Level II certificates awarded in 2012-13
- Of the 40 students who graduated from Level II, 32 have been placed in employment and 7 have enrolled in the AS Engineering Technology program

Awards

- 2013 Award for Institutional Innovation and Integration
- CQIA Silver Innovation Prize

Captive Insurance Legislation Enhanced To Meet Customer Needs

The Jobs Bill revised and expanded PA 08-127, which permits a captive insurance company to be licensed and domiciled in Connecticut

- The Connecticut Insurance Department (CID) has a fully staffed Captive Division with credential professionals, including a manager, 2 financial analysts and an attorney
- In 2014, the CT Legislature passed a bill, sponsored by CID updating the captive insurance statutes demonstrating continued CT support. Very well received and generating significant national and international interest
- 4 captives licensed in CT (2013), with 8 new captive applications in process/pipeline (2014)
- The 3rd annual Connecticut Captive Insurance Association (CCIA) Symposium will be September 17, 2014 in Stamford.

Airport Development Zones

PA 10-98 created a development zone around Bradley International Airport. The Jobs Bill allowed the Connecticut Airport Authority (CAA) to establish additional airport development zones.

- An application for an Airport Development Zone at Waterbury-Oxford Airport was approved August 12, 2013
- The Airport Zone allows certain businesses a five-year, 80 percent abatement of local property taxes on real and personal property; and a ten-year, 25–50% credit on a portion of the state's corporation business tax in certain census tracts in Middlebury, Oxford, and Southbury
- Six companies have been approved for the airport development zone program. Five were approved for the Bradley Airport Development Zone, and one company was approved for the Waterbury-Oxford Airport Development Zone



LEAN Events Make Government More Efficient

The Jobs Bill has sparked State Government to embrace LEAN process improvement techniques, with customer service as its focus

- 1500 Connecticut state employees have attended LEAN overview training
- Over 30 processes have been LEANED statewide in 2014, generating additional streamlining efforts, and adding to the 65 done previously
- Departments who have participated in 2014 LEAN events or project implementation so far include DECD, DOT, DEEP, DAS, OPM, DMV, DRS, DPH, DSS, DCF, DMHAS, DDS, CHFA, DOC, DOL, SOTS, DOAG, DOH and DESPP
- These events have improved business processes from 10% to over 80% by eliminating waste, removing redundant steps and adding automation

For detailed listing of companies served by
DECD programs, please go to the
DECD web site

[Http://www.ct.gov/ecd/lib/ecd/Mid Term Report Append.xlsx](http://www.ct.gov/ecd/lib/ecd/Mid_Term_Report_Append.xlsx)